Exhibit 3

Financial Projections

PROJECTED FINANCIAL INFORMATION
GRANITE BROADCASTING CORPORATION

For purposes of developing the Plan and evaluating its feasibility, Granite prepared the following financial projections reflecting its estimate of its expected consolidated financial position, results of operations, and cash flows for the years 2006 – 2010. Accordingly, the projections reflect Granite's judgment, as of the date of this Disclosure Statement, of expected future operating and business conditions, which are subject to change.[1]

Please note that although Granite does not own Malara or its television stations, Granite is deemed to be the primary beneficiary of Malara as a result of (i) Granite's guarantee of the obligations incurred under the Malara Credit Facility, (ii) local service agreements Granite has with Malara, (iii) the fees owed to Granite under the Reimbursement Agreement and strategic arrangement and (iv) contractual put or call option agreements Granite has with Malara to acquire all of the assets and assume the liabilities of each Malara television station, subject to approval by the FCC. Therefore, for purposes of the projections, Granite has consolidated the cash flows of the Malara as Granite is deemed to be the primary beneficiary of those cash flows, as well as having the potential to acquire the Malara stations under the put or call agreements, subject to approval by the FCC.

All estimates and assumptions shown in the projections were developed by Granite. The assumptions disclosed herein are those that Granite believes to be significant to the projections. Although Granite is of the opinion that these assumptions are reasonable under the circumstances, such assumptions are subject to significant uncertainties, such as (i) a program's popularity with viewers that advertisers wish to reach; (ii) the number of advertisers competing for the available time; (iii) the size and demographic make-up of the market served by the station; (iv) the availability of alternative advertising media in the market area; and (v) business combinations among Granite's competitors, programming suppliers and advertising customers. Despite Granite's efforts to foresee and plan for the effects of changes in these circumstances, Granite cannot predict their impact with certainty. Consequently, actual financial results could vary significantly from projected results.

THE PROJECTED FINANCIAL INFORMATION SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY GRANITE OR ANY OTHER PERSON AS TO THE ACCURACY OF THE PROJECTED FINANCIAL INFORMATION OR THAT ANY PROJECTIONS SET FORTH HEREIN WILL BE REALIZED.

THE PROJECTED FINANCIAL INFORMATION WAS PREPARED BY GRANITE; IT HAS NOT BEEN AUDITED OR REVIEWED BY INDEPENDENT ACCOUNTANTS. THE SIGNIFICANT ASSUMPTIONS USED IN THE PREPARATION OF THE PROJECTED FINANCIAL INFORMATION ARE STATED BELOW.

THE PROJECTED FINANCIAL INFORMATION, INCLUDING THE UNDERLYING

[1] This revised version of the Projection Financial Information incorporates the changes to the treatment of the Debtors' unsecured creditors in Classes 4A, 5, 6, 7, 8, and 9, in accordance with the Fox Stipulation and the Beck Stipulation (each as defined in the Disclosure Statement) and as outlined in the Disclosure Statement and Plan.

ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN.

As the Projected Financial Information reflects annual estimated results, Granite has assumed, for the purpose of the Projected Financial Information, that the Plan will be confirmed and that Effective Date and the initial distributions take place as of January 1, 2007.

Please note that the reorganization may not be accounted for in accordance with “fresh start” accounting rules as per the American Institute of Certified Public Accountant’s Statement of Position 90-7, therefore the Projected Financial Information does not reflect any “fresh start” adjustments.

The following Projected Financial Information is included herein:

- Projected Consolidated Balance Sheets of Reorganized Granite as of December 31 for each of the fiscal years from 2006 through 2010.
- Projected Consolidated Statements of Income of Reorganized Granite for each of the fiscal years ending December 31 for the period from 2006 through 2010.
- Projected Consolidated Statements of Cash Flow of Reorganized Granite for each of the fiscal years ending December 31 for the period from 2006 through 2010.

The Projected Financial Information has been prepared on the basis of generally accepted accounting principles consistent with those currently utilized by Granite in the preparation of its consolidated financial statements, unless noted in the following assumptions. The projections should be read in conjunction with the significant assumptions, qualifications and notes set forth below and with the audited consolidated financial statements for the fiscal year ended December 31, 2005 contained in Granite’s 2005 Form 10-K and with Granite’s third quarter 2006 Form 10-Q. Because these documents contain important information, users of this document are encouraged to read them. The forms 10-K and 10-Q are available free from the SEC at www.sec.gov.

WHILE GRANITE BELIEVES THE ASSUMPTIONS UNDERLYING THE PROJECTED FINANCIAL INFORMATION, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT ANY PROJECTIONS WILL BE REALIZED.

A. GENERAL ASSUMPTIONS

INDUSTRY OVERVIEW

Commercial television broadcasting began in the United States on a regular basis in the 1940s. Currently, there are a limited number of channels available for broadcasting in any particular geographic area and the license to operate a broadcast station must be obtained from the FCC.

Television stations can be distinguished by the frequency on which they broadcast. Television stations which broadcast over the very high frequency, or “VHF,” band of the spectrum generally have some competitive advantage over television stations that broadcast over the ultra-high

frequency, or “UHF,” band of the spectrum because VHF stations typically have better signal coverage and operate at a lower transmission cost. In television markets in which all local stations are UHF stations, such as Fort Wayne, Indiana; Peoria-Bloomington, Illinois; and Fresno-Visalia, California, there is no competitive disadvantage to broadcasting over a UHF band.

The nature of a Station’s revenues, expenses, and operations is largely dependent on whether or not a station is affiliated with one of the major networks. Affiliates of the major networks, which include NBC, ABC, CBS, and Fox, receive a significant portion of their programming each day from the network. These major networks provide programming, and in some cases, cash payments, to their affiliated Stations in exchange for a significant portion of the affiliates’ advertising inventory during the network-provided programs. These networks then sell this advertising time and retain the revenue.

The financial success of our television stations is dependent on audience ratings and advertising revenues within each station’s geographic market. The stations compete for revenues with other television stations in their respective markets, as well as with other advertising media, such as newspapers, radio, magazines, outdoor advertising, transit advertising, yellow page directories, the Internet, direct mail and local cable systems. Some competitors are part of larger companies with substantially greater financial resources than Granite.

Competition in the broadcasting industry occurs primarily in individual markets. Generally, a television broadcasting station in one market does not compete with stations in other market areas. Our television stations are located in highly competitive markets.

A television station’s ability to successfully compete in a given market depends upon several factors, including: management experience; signal coverage; local program acceptance; network affiliation; audience characteristics; assigned frequency; and strength of local competition.

The broadcasting industry is continuously faced with technological change and innovation; the possible rise in popularity of competing entertainment and communications media; and changes in labor conditions, any of which could have an adverse effect on our operations and results. For example, digital video recorders, which permit consumers to digitally record television programming and then play back that programming, often without commercial advertisement, are increasing in popularity and could have an adverse effect on the our ability to generate advertising revenue.

FYE 2006 – 2010 PLAN PROJECTIONS - MAJOR ASSUMPTIONS

The Business Plan assumes certain specific economic and business conditions for the 2006 – 2010 period, with general assumptions based upon future industry supply/demand indicators, historic growth and estimated directions of specific markets based on information available in the second half of 2006. The Plan assumptions take into account recent growth trends in television advertising as a means to project future revenue growth both organically through Granite’s existing customer-base as well as considering the ability to attract new customers either away from existing competitors or from new entrants to television advertising. Furthermore, Granite has incorporated the impact of the most recent data regarding programming

suppliers such that the Plan assumptions take into account contract terms with its suppliers.

Net Sales:

- Net sales reflect advertising expectations at each of Granite's affiliated and non-affiliated stations, as well as Malara. In preparing the Projected Financial Information, advertising revenues were divided into specific categories, including: local, national, political (particularly relevant during election years) and other. Each category was projected based on management's expectations to achieve revenue growth within the framework of current advertising trends. While recent trends have shown a slowdown in certain sectors of national advertising (including, automotive and fast food restaurants), local sales in Granite's markets have expanded both in number of unit sales and price per advertising spot. It is anticipated that in future periods national advertising sales will stabilize and show moderate growth.
- Revenues are generated through a combination of (i) direct local sales; and (ii) local and national advertising agencies. Net revenue incorporates any commission required to be paid to those advertising agencies which broker advertising on Granite's stations. Typically, national average agency commissions represent approximately 15% of gross sales.

Station Expenses:

- The primary operating expenses involved in owning and operating the Stations are employee salaries, depreciation and amortization, programming, advertising, news-related production, and promotion.
- Of these expense categories, employee-related expense, programming and news-related production are the largest and represent approximately 65% of annual total station expenses. As many of Granite's programming contracts extend multiple years, it is expected that programming expense in the period post-Effective Date will remain relatively stable.

Corporate Expenses:

- At the corporate level, Granite, among other things, (i) performs the primary strategic functions of developing long-term business relationships (for example, through the Service Contracts), (ii) negotiates group-wide contracts and large-scale transactions such as organizational acquisitions and dispositions, and (iii) organizes sales programs and other revenue generating initiatives for all the Granite Entities. Granite also controls the cash flow for each of the Granite Entities through a centralized cash management system and administers many of the employee benefits programs.
- The primary expenses at the corporate level include: employee salaries, facilities management and costs related to being a publicly-owned entity. It is anticipated that by becoming a privately-held enterprise post-restructuring, Granite will reduce its corporate expense by approximately $1.5 million annually. This cost savings is reflected in the Projected Financial Information.

Provision for Income Taxes:

- No provision for income tax is currently reflected in the Plan.

- The issuance under the Plan of the New Common Stock, along with the cancellation of existing Equity Interests through the Plan, is expected to cause an ownership change to occur with respect to the Reorganized Debtors as of the Effective Date. As a result, section 382 of the Internal Revenue Code ("IRC") may apply to limit Reorganized Granite's use of its consolidated net operating losses after the Effective Date. Additionally, the Reorganized Debtors' ability to use any remaining capital loss carry-forwards and tax credits may be limited.
- However, the NOL analysis provided by Granite's accountants indicates that Granite will have sufficient NOL carry-forwards and sufficient annual utilization limit to result in an offset of taxable income from operations in the projected period.

Capital Expenditures:

- Projected capital expenditures are based upon a detailed station-level review of (i) critical required capital expenditures; (ii) the timing and extent of historical equipment maintenance; (iii) the scheduled timing of future growth; and (iv) the extent of capital expenditures required to upgrade facilities, including any automated machine modifications.

B. OTHER SIGNIFICANT ASSUMPTIONS

DEBT

The Plan contemplates the entry by Reorganized Granite into the Exit Facility, which will include the Exit Secured Term Loan and the Exit Secured Revolver. The projections assume the Exit Secured Term Loan in the amount of $200 million, with a maturity of five and one-half (5 ½) years, bearing an interest rate of LIBOR + 5% and no mandatory amortization prior to maturity. The projections assume the Exit Secured Revolver with a minimum availability on the Effective Date of $25 million (subject to a maximum facility cap of $50 million) with a maturity of five years, bearing an interest rate of LIBOR + 5%. The Exit Secured Revolver will be used to finance certain emergence costs and seasonal working capital needs on an ongoing basis.

COMMON STOCK:

10,000,000 shares (of 15,000,000 shares authorized) of Common Stock of Reorganized Granite will initially be issued pursuant to the Plan, subject to increases due to the exercise of the Rights Offering and the New Warrants, as well as pursuant to the Management Incentive Plan, as defined in the Plan.

CASH

It is assumed that interest of 4.5% will be earned on surplus cash balances. The Exit Secured Revolver is assumed to be necessary to enable Reorganized Granite to fund part of the distributions under the Plan and, if necessary, working capital and operating needs. For these purposes, approximately $5.2 million in borrowings (including the net effect of the aggregate payouts to the Debtors' unsecured creditors in Classes 4A, 5, 6, 7, 8, and 9, offset by the Debtors' revised balance of available cash, which currently exceeds previously forecasted levels) will be required as of the Effective Date under this facility, and repayments of these borrowings is expected to be made on an ongoing basis, subject to available cash.

Balance Sheet

(000's)	Projected 12/31/2006	Projected 12/31/2007	Projected 12/31/2008	Projected 12/31/2009	Projected 12/31/2010
ASSETS:					
Cash	$11,661	$2,972	$3,864	$4,626	$21,536
Accounts receivable, net	22,140	23,660	25,463	26,970	29,446
Film contract rights	8,719	8,981	9,250	9,527	9,813
Other current assets	9,849	6,563	6,563	6,563	6,563
Total current assets	**$52,369**	**$42,175**	**$45,139**	**$47,686**	**$67,358**
Property & equipment, net	57,705	58,224	54,240	49,544	44,508
Film contract rights	9,118	9,392	9,673	9,963	10,262
Deferred financing fees, net	9,738	9,370	7,027	4,684	2,341
Other noncurrent assets	3,349	2,349	2,349	2,349	2,349
Intangible assets, net	299,972	296,559	293,146	289,733	286,320
Total assets	**$432,251**	**$418,069**	**$411,575**	**$403,960**	**$413,139**
LIABILITIES AND EQUITY:					
Accounts payable & accrued liabilities	$9,165	$9,770	$10,051	$9,942	$10,047
Accrued interest	21,750	10,370	10,370	10,370	10,370
Film contract rights	25,799	15,346	15,806	16,281	16,769
Other current liabilities	12,359	6,342	6,342	6,342	6,342
Total current liabilities	**$69,073**	**$41,828**	**$42,569**	**$42,935**	**$43,528**
Long-term debt	501,067	233,067	225,660	220,644	216,041
Film contract rights - noncurrent	22,087	12,060	12,421	12,794	13,178
Deferred taxes	49,006	46,506	44,006	41,506	39,006
Redeemable preferred stock	199,546	0	0	0	0
Accrued dividends on preferred stock	120,004	0	0	0	0
Other noncurrent liabilities	4,166	4,174	3,906	3,637	3,345
Total liabilities	**$964,949**	**$337,635**	**$328,563**	**$321,516**	**$315,098**
Total equity	(532,698)	80,434	83,012	82,444	98,041
Total liabilities & equity	**$432,251**	**$418,069**	**$411,575**	**$403,960**	**$413,139**

Income Statement

(000's)	Projected 12/31/2006	Projected 12/31/2007	Projected 12/31/2008	Projected 12/31/2009	Projected 12/31/2010
Net revenue	**$127,368**	**$130,059**	**$147,194**	**$147,275**	**$167,463**
Station operating expenses	(93,036)	(95,000)	(97,752)	(101,313)	(105,128)
Depreciation	(7,150)	(7,780)	(8,120)	(8,460)	(8,800)
Amortization	(3,214)	(3,413)	(3,413)	(3,413)	(3,413)
Interest expense	(47,662)	(23,990)	(24,208)	(23,324)	(23,066)
Interest income	623	87	236	121	472
Corporate	(10,474)	(10,647)	(9,776)	(10,120)	(10,472)
Performance award expense	(88)	0	0	0	0
Non cash expenses	(4,377)	(13,845)	(2,270)	(2,270)	(2,270)
Preferred stock dividend	(25,548)	0	0	0	0
Restructuring charges	(6,450)	0	0	0	0
Other	(2,285)	30,274	(1,393)	(1,394)	(1,394)
Income (loss) before income taxes	**($72,293)**	**$5,745**	**$498**	**($2,898)**	**$13,392**
Income tax (expense) benefit	(24,000)	2,500	2,500	2,500	2,500
Net income (loss)	**($96,293)**	**$8,245**	**$2,998**	**($398)**	**$15,892**
Other Key Financial Items:					
Broadcast Cash Flow ("BCF")	**$34,332**	**$35,059**	**$49,442**	**$45,962**	**$62,335**
Less: Corporate Expense (1)	**(9,160)**	**(9,446)**	**(9,776)**	**(10,120)**	**(10,472)**
EBITDA	**$25,172**	**$25,613**	**$39,666**	**$35,842**	**$51,863**

(1) Excludes certain non-recurring expenses.

Cash Flow Statement

(000's)	Projected 12/31/2006	Projected 12/31/2007	Projected 12/31/2008	Projected 12/31/2009	Projected 12/31/2010
Net income (loss)	**($96,293)**	**$8,245**	**$2,998**	**($398)**	**$15,892**
Adjustments to reconcile net loss to net:					
Cash from operating activities:					
Depreciation and amortization	10,364	11,193	11,533	11,873	12,213
Non-cash expenses	4,377	13,845	2,270	2,270	2,270
Deferred tax expense (benefit)	24,000	(2,500)	(2,500)	(2,500)	(2,500)
Non-cash preferred dividend	25,548	0	0	0	0
Performance award expense	88	0	0	0	0
Change in asset and liabilities:	0	0	0	0	0
(Increase) decrease in accounts receivable	(3,879)	(1,520)	(1,803)	(1,507)	(2,476)
Increase (decrease) in accounts payable & accrued liabilities	19,239	10,975	281	(109)	105
(Increase) decrease in film contract rights	(13,562)	(727)	(749)	(772)	(795)
Increase (decrease) in film contract rights payable	14,856	(22,364)	980	1,010	1,040
Increase (decrease) in other liabilities	(10,558)	(6,749)	(233)	(241)	(251)
(Increase) decrease in other assets	(8,536)	4,286	0	0	0
Net cash provided by (used in) operating activities	**($34,356)**	**$14,684**	**$12,777**	**$9,627**	**$25,499**
Cash flows from investing activities:					
Capital expenditures	(3,231)	(7,140)	(4,136)	(3,764)	(3,764)
Payment for acquisitions	(45,034)	0	0	0	0
Cash provided by (used in) investing activities	**($49,637)**	**($7,140)**	**($4,136)**	**($3,764)**	**($3,764)**
Cash flows from financing activities:					
Borrowings	70,000	3,425	6,806	4,586	288
Debt repayments	(25,437)	(3,793)	(13,799)	(7,186)	(2,600)
Payment of deferred financing fees	(3,716)	(11,350)	0	0	0
Cash provided by (used in) financing activities	**$40,847**	**($11,718)**	**($6,993)**	**($2,600)**	**($2,312)**
Increase (decrease) in cash	5,457	(4,174)	1,648	3,263	19,423
Cash at beginning of year	6,114	8,002	3,828	5,475	8,738
Cash at end of year	**$11,661**	**$3,828**	**$5,475**	**$8,738**	**$28,161**